

DEPARTMENT OF DEFENSE

Military Health System

Information Management/ Information Technology



Standard Operating Procedures for Annual Performance Planning and Reporting

December 2002

FOREWORD

This document describes the Annual Performance Plan Development and Reporting Process implemented by the Planning and Performance Management Division. This process is used to develop, select, and report on the MHS IM/IT performance measures for the designated fiscal year; and to measure the accomplishment of results achieved from development and fielding of information system capabilities.

This document is intended for use as a procedural manual for all organizational elements within the MHS IM/IT Program. Improvements to the process described in this document are expected and encouraged. Submit recommended changes to the document to the Program Director, MHS IM/IT Performance Management Program.



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1. Purpose of the Standard Operating Procedure (SOP)

The Military Health System (MHS) Chief Information Officer (CIO) leads the MHS Information Management (IM)/Information Technology (IT) program in enabling MHS mission accomplishments. Each year the MHS IM/IT Program develops program-wide plans to achieve specific and measurable improvement in IM capability and progress toward strategic goals. The purpose of this SOP is to describe for the MHS IM/IT Program how the annual plan of expected performance is established in each program area, how these activities are measured, and how their accomplishments are reported during the fiscal year.

2. MHS IM/IT Program and Performance Management Program Background

2.1 MHS IM/IT Program Background

The MHS provides comprehensive healthcare for all Armed Forces personnel, family members, and others authorized care. The fundamental part of the MHS mission is to establish and maintain readiness to provide medical services and support to the Armed Forces during military operations. It is also crucial to maintain a healthy and fit pre-deployed population. The MHS mission focuses on providing proactive healthcare intervention to the non-active duty beneficiary population as well.

The MHS IM/IT Program supports the MHS by closely aligning its priorities and processes with the MHS mission, vision, goals, and strategies. The MHS IM/IT Program acquires and develops information systems and methods to facilitate the accomplishment of the MHS mission.

2.2 MHS IM/IT Performance Management Program Background

The discipline of performance management is a primary component of the Clinger-Cohen Act of 1996. Key elements of this act include establishing goals for improving the efficiency and effectiveness of agency operations and ensuring measurement of information technology's performance in support of the core mission of the agency.

The MHS IM/IT Performance Management Program implements this law and related Department of Defense (DoD) guidance within the context of MHS IM/IT activities. The Performance Management Program establishes operational accountability for performance of the IM/IT program and reflects a program-wide effort to achieve specific and measurable improvements toward strategic goals. The Performance Management Program seeks to ensure that the MHS IM/IT program synchronizes priorities and processes with the mission, vision, goals, and strategies of the MHS and the DoD to achieve operational effectiveness. The Performance Management Program measures the performance of the MHS IM/IT Program as it implements the annual *MHS IM/IT Capital Investment Portfolio* as well as other MHS IM/IT Defense Health budget programs. These are developed using criteria representing both IM and IT viewpoints in the selection and prioritization of IM and IT investments. In addition to the strategic alignment with the MHS mission as represented in the *MHS Strategic Plan*, criteria such as cost-benefits, effect on information architecture and infrastructure, and various types of technical and security risks are considered. These and related measures then become elements of the Performance Management Program.

3. SOP for MHS IM/IT Annual Performance Planning

3.1 Purpose of the Annual Performance Plan (APP)

The purpose of the APP is to establish clear accountability for performance of the MHS IM/IT Program and to reflect a program-wide effort to achieve specific and measurable improvements toward the MHS IM/IT strategic goals. The plan complies with Federal legislation and DoD acquisition guidance. The APP becomes a standard against which to measure the progress and effectiveness of the MHS IM/IT investments.

3.2 Content of the APP

The APP is written for each fiscal year to show what the MHS IM/IT Program plans to achieve in that fiscal year with its portion of the Defense Health Program budget. In addition, each APP defines operational effectiveness in terms of planned mission accomplishment within the fiscal year covered by the Annual Plan. Each APP specifies performance targets and measures to indicate accomplishments and completion of tasks supporting the MHS IM/IT mission.

3.2.1 MHS Guidance

The APP identifies the management guidance and references upon which each annual plan is developed. The MHS IM/IT APP will be based upon the current versions of the following documents:

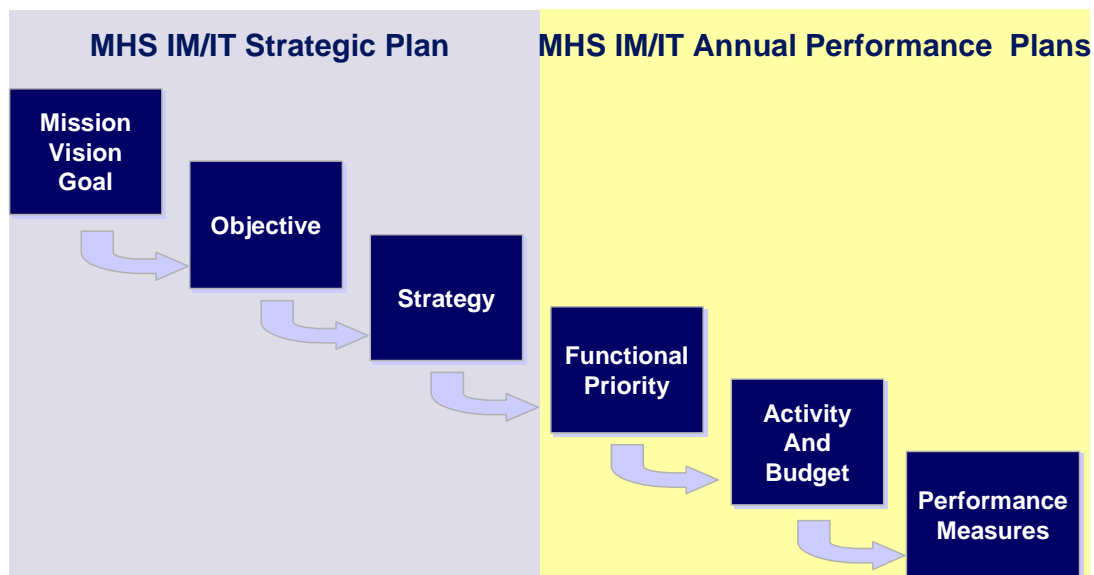
- MHS Strategic Plan
- MHS IM/IT Strategic Plan
- MHS IM/IT Capital Investment Portfolio

Additional fiscal-year-specific guidance will be provided before the creation of each APP as appropriate.

The relationships of various measurable elements of the annual program will be directly mapped to the appropriate reference documents. Tables or other graphical representation will demonstrate the relationships between the plans and their measurable elements with the guidance in the referenced documents. For example, a display will be created that directly maps the elements of the MHS IM/IT Strategic Plan with the APP activities and measures (Appendix A). A model representation of the relationship between the MHS IM/IT Strategic Plan and the MHS IM/IT APP is demonstrated in Exhibit 1.

EXHIBIT 1

LINKAGE BETWEEN THE IM/IT STRATEGIC PLAN AND ANNUAL PLANS



3.2.2 Performance Management Content

The APP will also include explanations and guidance regarding incorporation of multiple types of performance management elements. Each APP will include the following elements:

- *Performance-based Management.* Performance process measures are used to see how well a process is carried out using inputs to accomplish the steps necessary to produce a single output. The acquisition process is one that is generally measured by IT Program Offices by monitoring acquisition performance with earned value (cost and schedule), technical performance, risk management, and program management in accordance with DoD standards and guidance. The requirements generation process is the one that is generally measured by IMD.
- *The Requirements Results-based Management.* Performance outcome measures are used to measure the effect of one or more processes on the expected results, quality of service, customer satisfaction, or on the overall effectiveness in accomplishing the mission. Within the MHS IM/IT Program, mission performance shows how well IT results in progress toward MHS mission accomplishment as a “mission-enabler” rather than a “mission-doer.” Senior leadership will use outcome performance information to set priorities for portfolio management, strategic planning, and resource allocation.

These types of measures will be included in the APP, as appropriate to each reporting organization.

3.2.3 Operational Accountability

The APP addresses the various roles and responsibilities of the participants in the annual planning, performance measurement, and reporting processes. At the beginning of the planning process, MHS IM/IT management will determine the organizational elements to be measured during the fiscal year. The organizations with primary responsibility in the performance management program are the Office of Planning and Performance Management (P&PM) within Information Management, Technology, and Reengineering (IMT&R), selected reporting Directorates within IMT&R, and the Program Executive Officer (PEO) for MHS IM/IT and its Program Offices. Specific roles and responsibilities are identified in the detailed procedures in the following sections.

3.2.4 Fiscal-Year Activities and Performance Objectives

The majority of the content of the APP is the Fiscal-Year-Specific Planned Activities with their associated Performance Objectives, Targets, and Metrics. These are derived directly from the Capabilities outlined in the specific *MHS IM/IT Capital Investment Portfolio* and other key guidance documents for that fiscal year. These entries are created by each of the responsible organizations and reviewed for performance management appropriateness by P&PM. After review and analysis, these entries are ultimately approved as the baseline for the fiscal year by the MHS CIO.

Each performance management element has a specific role in determining measurable ways of reporting on the various activities. The Performance Objective explains what type of beneficial change or impact to operations is desired as the outcome from conducting the activity. The desired outcome is described by depicting this change as an increase or decrease to the current activity level. The Performance Target is a specific and measurable amount of change that the reporting organization plans to achieve by a certain time. The Performance Metric describes the actual unit of measure to be used to evaluate how well a reporting organization is doing in meeting its performance targets.

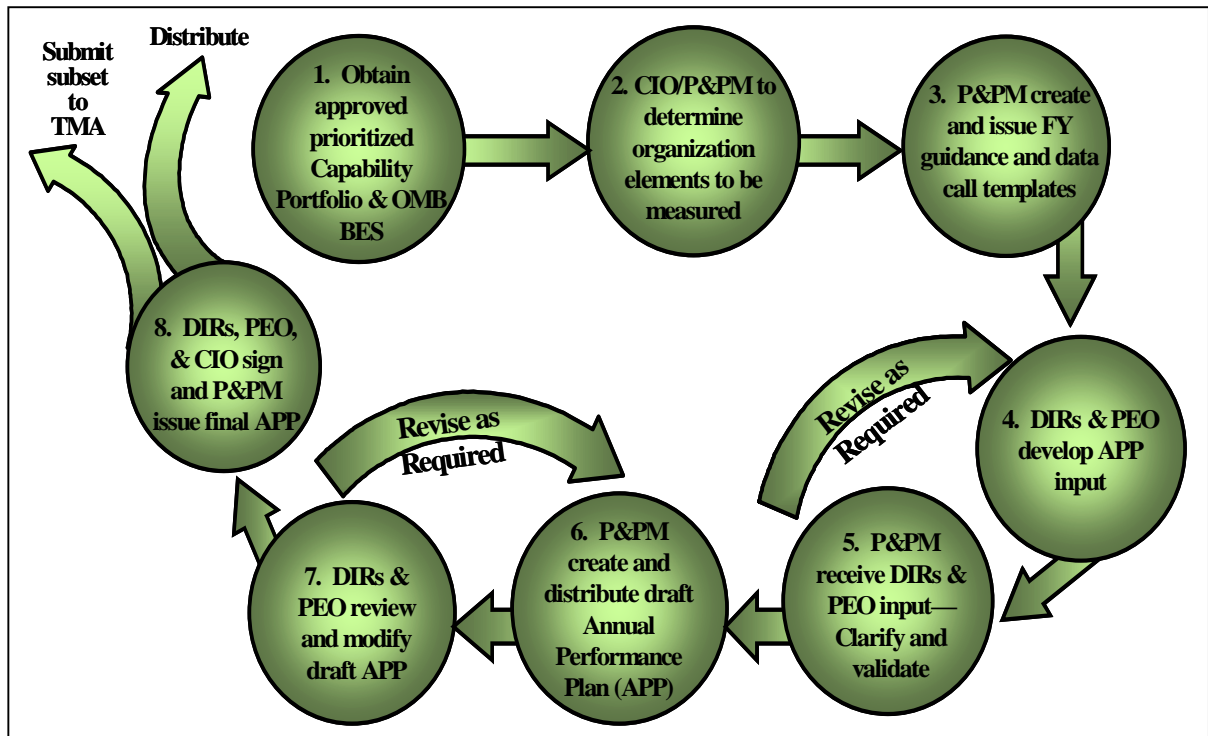
In support of achieving the strategic goals and the overall success of each program area, the APP will annually assess and update objectives to ensure that they accurately reflect current practices in the ongoing evolution of each program. Achieving strategic goals is dependent upon identifying realistic annual performance goals that clearly support the strategic goals. When each milestone is completed at the APP level, it brings all programs closer to the organizational strategic goals.

3.3 Creation of the APP

The following exhibit provides a graphical representation of the steps involved in developing the APP.

EXHIBIT 2

ANNUAL PERFORMANCE PLANNING



The following matrix shows the tasks involved in developing the APP with a timeline and organization responsibilities.

Timeline Completion	No.	Steps	Responsible Organization
28 FEB	1	Obtain approved prioritized Capability Portfolio and OMB Budget Submissions.	IMD/P&PM/CAMO
15 MAR	2	Determine organization elements to be measured.	P&PM with MHS CIO
30 MAR	3	Create Fiscal-Year-Specific guidance and template for APP input. Issue data call to appropriate organizational elements.	P&PM
30 APR	4	Develop APP Input.	Selected Directors (DIRs) and PEO for MHS IM/IT
30 MAY	5	Receive input from DIRs & PEO. Clarify, compile, and validate for performance management appropriateness.	P&PM / DIRs&PEO
30 JUN	6	Create and distribute Draft APP.	P&PM

Timeline Completion	No.	Steps	Responsible Organization
30 JUL	7	Review and Modify the Draft APP as required.	P&PM & DIRs & PEO
30 AUG	8	Gain signatures from appropriate elements and Issue Final APP.	DIRs & PEO & P&PM & MHS CIO
30 SEP	9	Distribute Final APP.	P&PM
30 SEP	10	Submit subset of performance measures to the TRICARE Management Activity (TMA).	MHS CIO & P&PM

Step 1—Obtain Approved Capability Portfolio and Budget Submissions

The Annual Plan is primarily based upon the prioritized Capability Portfolio. This portfolio is created based on numerous other guidance documents and is managed by the Information Management Directorate (IMD). Upon approval, this list is provided to P&PM as a primary basis for the Annual Plan for that fiscal year. The Portfolio is also the basis for the Budget Estimate Submission (BES) to the Office of Management and Budget (OMB). High-level performance targets for each program element are included as a part of the BES and are used as the starting elements for the performance measurements in the APP. The Capital Asset Management and Oversight (CAMO) Director (DIR) will provide this information to P&PM.

Step 2—Determine Organization Elements to be Measured

For each fiscal year, the MHS CIO will provide guidance to P&PM regarding which program elements should be measured and thus included in the APP. In general, all program elements responsible for completion of work included in the Portfolio will report on their performance in the APP. Other organization elements may be included as the MHS CIO deems appropriate.

Step 3—Create and Issue Data Call

The maturity and rigor of the MHS IM/IT Performance Management Program continues to improve from year to year. Based on this maturity and the particular areas of management interest, P&PM will create fiscal-year-specific guidance for objective, target, and measurement development and a template to provide the APP input. Items included in the guidance will be any recommended standardized language and metrics, recommendations regarding frequency of measurable elements, guidance documents, and areas of management interest. Examples of possible metrics based on the BES performance measures will be included. A sample Data Call is found in Appendix B.

Step 4—Develop APP Input

Each reporting organization is responsible for developing its own appropriate performance and results based Activities, Objectives, Targets, and Metrics in accordance with its portion of the Portfolio, the current MHS IM/IT Strategic Plan, and other guidance provided. Metrics should reflect the most important and reasonably measured aspects of the project. This information is then submitted to P&PM.

Step 5—Receive Input

P&PM receives the plan input from all the selected reporting organizations. P&PM reviews each submission based on the higher-level guidance documents and the Data Call guidance. P&PM also reviews each entry for the technical elements of performance management concepts. P&PM will initiate any clarification discussions required. Suggested changes, if necessary, will be provided by P&PM for the Office of Primary Responsibility (OPR) consideration. If necessary, P&PM and OPR representatives will discuss and confirm the appropriateness and efficacy of data-reporting metrics and data collection.

Based on the data received, P&PM will develop a compilation structure of activities with their linkages to the various high-level guidance documents. Examples include Prioritized Portfolio Capabilities, Responsible Organizations, MHS IM/IT Strategic Plan, PEO Strategic Plan, Core Business Processes, and others as provided in the fiscal year guidance. Submissions from each OPR and from the composite of all OPRs will be reviewed ensuring that all the necessary areas of management guidance are being addressed by the various performance measures.

Step 6—Create and Distribute Draft APP

Based on the information received and validated, P&PM will prepare a Draft APP. The Draft APP will then be distributed to all organization heads and their respective Points of Contact (POCs) for review and comment. The PEO, PEO staff, and appropriate DIRs will submit their comments to P&PM.

Step 7—Review and Modify Draft APP

P&PM will review the comments for modification of the Draft APP. P&PM will incorporate changes as are appropriate and consistent with higher-level guidance. As necessary, P&PM will coordinate with the office submitting comments for clarification and/or resolution of issues. P&PM will develop a Final Draft that will be submitted to the various OPRs for final concurrence.

Step 8—Sign and Issue Final APP

The Final APP will be signed by the PEO for MHS IM/IT and by the participating IMT&R Directors. After these signatures are acquired, the Final APP will be sent to the MHS CIO for signature. Upon signature by the MHS CIO, the Final APP will be published.

Step 9—Distribute Final APP

P&PM will distribute the Final APP to all participating organizational elements.

Step 10—Submit Performance Measures for Upward Reporting

As required the MHS CIO will submit performance measures selected from the APP for upward reporting to the TRICARE Management Activity (TMA) and MHS.

4. SOP FOR MHS IM/IT Performance Measurement

4.1 Purpose of MHS IM/IT Performance Measurement

For the MHS IM/IT Program to know its progress against strategic goals and specific guidance of the organization, the MHS must regularly measure in defined, meaningful, and quantifiable terms the performance of the organization. During the planning process each reporting organization develops measurable elements to quantify the organization's performance. These measures and the data required should be easy to collect and should not burden the program with excessive and difficult data collection requirements.

4.2 Content of MHS IM/IT Performance Measurement

Each reporting organization is responsible for developing its respective performance measures. These measures will guide the evaluation and analysis of corporate processes supporting the development and documentation of the capabilities, requirements, and activities to support MHS needs. As a part of the performance planning process, each reporting organization selects activities and performance objectives, creates associated targets of performance, and defines the metric that will be used to measure the target. The Performance Measurement process includes gathering the data necessary to report against the target according to the selected metric. The following Exhibits provide examples of Mission and Acquisition Performance Measurement categories from which particular targets and metrics are defined and measured.

EXHIBIT 3

IM/IT MISSION PERFORMANCE MANAGEMENT

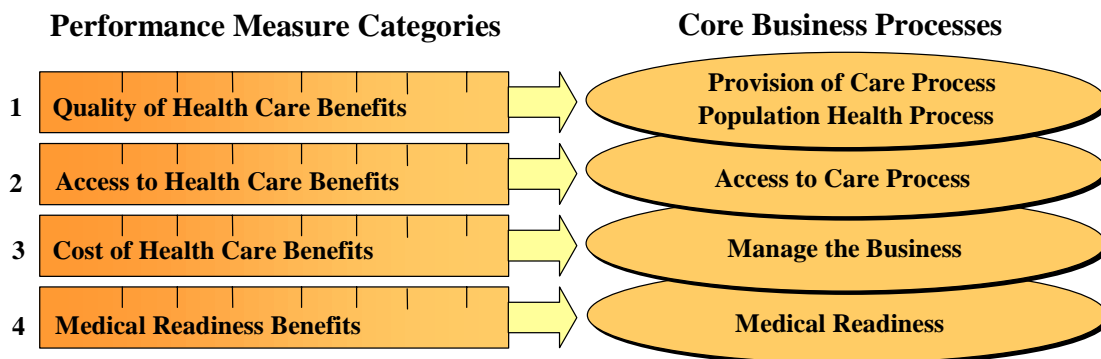
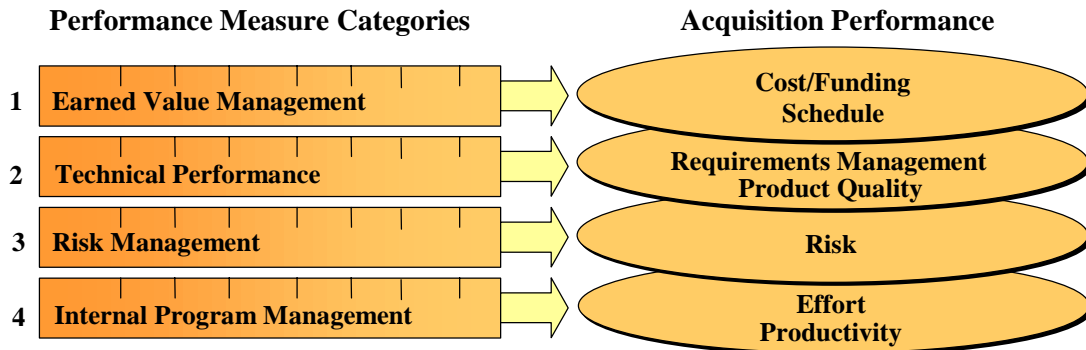


EXHIBIT 4

IT ACQUISITION PERFORMANCE MANAGEMENT



4.3 Process of MHS IM/IT Performance Measurement

Each of the reporting organizations has the responsibility to collect and analyze its performance data. P&PM may assist with data collection and analysis as required. Each organization will use this performance information to document progress, develop performance improvement actions, make remedial corrections, make budgetary recommendations, and ensure knowledge transfer. This will contribute to timely decision-making, which may result in funding changes or course corrections to activities and policies across the enterprise. These data will be submitted to P&PM for reporting as a part of the APP Quarterly and Annual Reporting Processes.

5. SOP for APP Quarterly Reporting

5.1 Purpose of the APP Quarterly Report

Quarterly performance reports are used to report the progress and results of the MHS IM/IT Program to-date throughout the fiscal year. Single organization reports are developed for each reporting organization. A summarized version is provided to the MHS CIO containing data of all reporting organizations analyzed for performance trends.

5.2 Content of the APP Quarterly Report

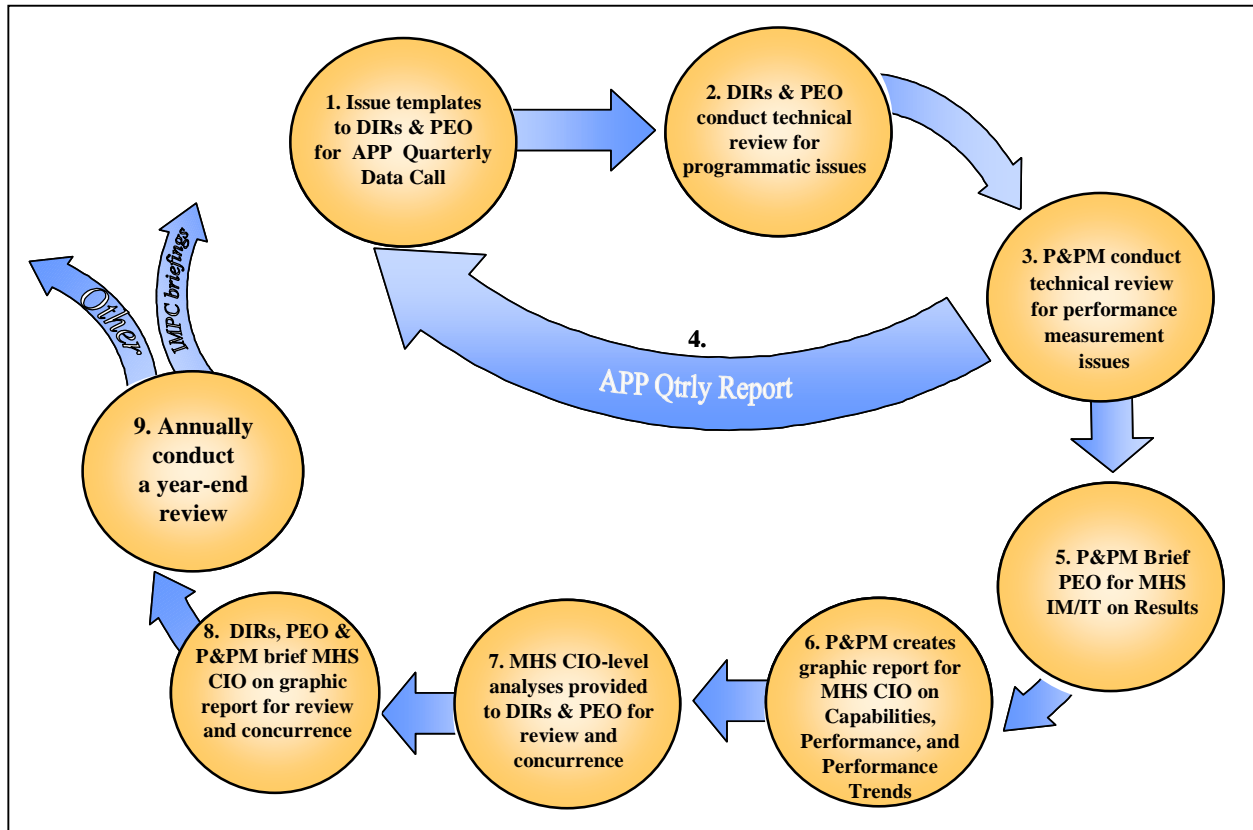
Quarterly reports are developed for each reporting area. Each quarterly report identifies the planned program activities with its associated targets and metrics and reports the results for that particular activity to-date. Reasons for being ahead or behind target are provided. Any status the reporting organization would like to provide that explains or clarifies the progress to-date is encouraged. A summarized version that reports progress against major MHS IM/IT objectives as well as analysis regarding potential problem trends are also reported. A sample of a quarterly report is found at Appendix C. Special reports tracking progress against any of the activity linkages (MHS IM/IT Strategic Plan, PEO Strategic Plan, etc.) can be provided.

5.3 Creation of the APP Quarterly Report

The Office of P&PM generates APP reports at the end of each quarter from data submitted by the OPR within the Divisions and the PEO for MHS IM/IT. The performance data in these reports compare projected performance objectives and targets to actual measured outcomes. Exhibit 5 gives a graphical account of the different procedures each reporting area must follow.

EXHIBIT 5

QUARTERLY PERFORMANCE MEASUREMENT REPORTING



The matrix below shows the tasks involved in developing the APP with a timeline and organization responsibilities.

Timeline Completion	No.	Steps	Responsible Organization
Last Week of Quarter	1	Issue Templates to Directors & PEO for APP Quarterly Data Call. (Appendix D)	P&PM
Week 1 of Quarter	2	Directors & PEO Conduct Technical Review For Programmatic Issues and Submit to P&PM.	DIRs + PEO for MHS IM/IT
Week 2 of Quarter	3	P&PM Conduct Technical Review For Performance Measurement Issues	P&PM
Week 3 of Quarter	4	APP Quarterly Graphic Report Furnished to OPRs upon request.	P&PM & DIRs & PEO
Week 4 of Quarter	5	P&PM Brief PEO for MHS IM/IT on Results.	P&PM
Week 4 of Quarter	6	P&PM Create Graphic Report for MHS CIO on Capabilities, Performance, and Performance Trends.	P&PM

Timeline Completion	No.	Steps	Responsible Organization
Week 4 of Quarter	7	MHS CIO Analyses Provided to Directors & PEO for Review And Concurrence.	P&PM& DIRs & PEO
Week 4 of Quarter	8	Directors, PEO, & P&PM Brief MHS CIO on Graphic Report for Review and Concurrence.	P&PM & DIRs & PEO

Step 1—Quarterly Data Call

A week before the end of the quarter, a data call (Appendix D) will be submitted to the appropriate OPRs, DIRs, and the PEO. The data call will include the input template containing previously established targets and metrics. The input templates contain performance areas to be assessed each quarter based on the OPR's submission to the Annual Plan. Management guidance regarding particular information of interest may be included in this data call as well. The categories identified for problem reporting will also be included. Examples of other items to be included are due dates for the response, reminders of characteristics of effective and acceptable input, and a request for updated information regarding the OPR POC for performance management.

Step 2—OPR Data Collection and Submission

Each reporting element collects and analyzes its performance measurement data, including progress against target based on the metric identified and any specific guidance provided in the data call. If programs are falling behind in their ability to meet their target, the organization should assess the issues and provide an analysis of the reason for problems, based on the categories provided in the data call. Specific status comments are encouraged for capture in the narrative report and to provide fuller explanation, if required, on the graphical report. After review by the appropriate organization manager (e.g., DIR or PEO), the information is submitted to P&PM for reporting and compilation.

Step 3—Office of P&PM Data Review

Upon receipt of the information, the P&PM staff will review the submission for performance measurement content. The P&PM staff will compare projected performance objectives and targets presented in the APP against actual measured outcomes. Programs will be analyzed for trends in factors contributing to the performance status. The P&PM staff will initiate clarification and verification of submitted data. Examples of such analysis include clear matching of reported data to planned targets and metrics; and inconsistent reporting among related targets.

Step 4—APP Graphical Quarterly Reporting to OPR

A graphical report of program-specific data will be provided to the OPRs upon their request.

Step 5—OPR Results Briefed to PEO

P&PM will gather the full set of Program Office and other PEO-related performance reports and will brief the PEO for MHS IM/IT.

Step 6—Creation of CIO Quarterly Report

P&PM will analyze the data across all reporting elements and provide summarized high-level data for reporting to the MHS CIO. These data will be reported graphically based on previously agreed-upon report designs. The reports will include a summary of performance against higher-level guidance documents such as the Capabilities Portfolio for the fiscal year and the current MHS IM/IT Strategic Plan. Trends in variance from the planned performance will be analyzed and presented graphically as well. Status reports for objectives and activities that have been sent forward for quarterly TRICARE Management Activity-level reporting will also be included.

Step 7—Review of CIO Quarterly Report

P&PM will provide the DIRs and PEO with the summarized graphical report data for their review and concurrence. Once again, as required, elements in question will be discussed and modified, as appropriate, so as to gain concurrence from all the parties.

Step 8—APP Quarterly Reporting to CIO

The DIRs, the PEO, and the DIR of P&PM will brief the MHS CIO on project performance status using the summarized graphical reports provided by P&PM. As performance trends emerge over time, the DIRs and the PEO for MHS IT will recommend changes to specific program activities, and may identify potential risks and recommend risk mitigation strategies to the MHS CIO. The MHS CIO may also direct changes in program activities or execution strategies.

6. SOP for the Annual Performance Report (APR)

6.1 Purpose of the APR

At the end of the fiscal year, the P&PM will develop a Year-End Performance Assessment for the MHS CIO. This information provides a basis for determining whether strategic goals and objectives are being met and for decisions regarding the need to update or revise the Strategic Plan or other guidance strategies.

6.2 Content of the APR

This assessment will display a four-quarter roll-up of data that compares projected objectives and targets to the actual performance, potential risks, and risk mitigation strategies. In addition, this report will highlight successes. Trends in performance will be analyzed and reported.

6.3 Creation of the APR

P&PM will compile the data based on the total year (1st through 4th quarters) data submitted by reporting elements. Areas of particular management interest will be the primary focus.

The MHS CIO will meet with the reporting DIRs and the PEO for MHS IT to conduct top-level performance reviews as part of the year-end assessments. Results of these reviews may be briefed to the Health Services senior business management organizations including the Functional Integration Working Group, the Resource Management Steering Committee, the IM Proponent Committee, and the IM/IT Program Review Board.